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HIDONG
ESTATE PLC

(990786-V)

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COMPANIES HOUSE

Annual Report 2012

Hidong Estate PLC
(Incorporated in England)

Contents

Notice of meeting

NOTICE IS HEREBY GIVEN that the EIGHTY NINTH ANNUAL GENERAL MEETING of the Company will be held at the head office of the Company, Third Floor, Standard Chartered Bank Chambers, Beach Street, 10300 Penang, Malaysia on Friday, 14 September 2012 at 10 30 a m for the following purposes -

1 To receive and consider the audited financial statements and the reports of the directors and auditors thereon for the year ended 31 March 2012

2 To re-elect Mr Chew Sing Guan who retires in accordance with article 108 of the Company's Articles of Association, and being eligible, offers himself for re-election

3 To re-appoint the auditors and to authorise the directors to fix their remuneration

Ordinary Resolution -

"That KPMG Audit Plc be and is hereby appointed auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company, and that their remuneration be fixed by the directors "

4 To approve the directors' remuneration report

Ordinary Resolution -

"That the directors' remuneration report for the year ended 31 March 2012 be and is hereby approved "

5 To transact any other business of which due notices shall have been given

By order of the Board

G. M. Smith

GRACE SMITH
Secretary

27 July 2012

Notes

1 A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him A proxy need not be a member of the Company A form of proxy is enclosed for your completion and return

2 A statement of all transactions of each director and, where applicable, of his family in the share capital of the Company will be available at the head office of the Company on any weekday during normal business hours from the date of this notice until the conclusion of the annual general meeting There are no service contracts in existence with the directors

3 Biographical details of the directors presenting themselves for re-election and re-appointment are set out on the following page The Board has reviewed the performance of each individual director, including the directors presenting themselves for re-election and re-appointment, and concluded that each director has performed effectively and continues to demonstrate commitment to the role

Corporate information

DIRECTORS

Chew Sing Guan (Chairman)
An executive director and chairman of the Company since 1983 A non-executive director of the managing agents and Malaysian registrars, Plantation Agencies Sdn Berhad Age 62

Haji Zambri bin Haji Mahmud
A non-executive director of the Company since 1986 A director of several private limited companies involved in palm oil milling Age 73

Diong Chin Teck
A non-executive director of the Company since 2000 A director of several public limited companies, a few of which are quoted Age 79

Chew Beow Soon
A non-executive director of the Company since 2000 A director of several private limited companies Age 63

AUDIT COMMITTEE
Haji Zambri bin Haji Mahmud (Chairperson)
Chew Beow Soon (Member)
Diong Chin Teck (Member)

COMPANY SECRETARY
Grace Smith

HEAD OFFICE, MANAGING AGENTS AND MALAYSIAN REGISTRARS
Plantation Agencies Sdn Berhad
Third Floor, Standard Chartered Bank Chambers,
Beach Street, 10300 Penang, Malaysia

P O Box 706,
10790 Penang, Malaysia

REGISTERED OFFICE
Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

U.K. REGISTRARS
Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

AUDITORS
KPMG Audit Plc
8 Salisbury Square
London, EC4Y 8BB

LISTING
London Stock Exchange

Chairman's statement

On behalf of the Board of Directors of Hidong Estate Plc, I am pleased to present to you the Annual Report and Financial Statements of the Company for the financial year ended 31 March 2012

For the financial year ended 31 March 2012 the Company recorded a profit before tax of RM218,920 as compared to a profit before tax of RM149,312 in prior year The gain is mainly attributable to higher interest income and gain on disposal of investments

The uncertainties of a volatile global economic environment continue to impact business everywhere Even though some major economies are still showing positive growth despite concerns over overall economic conditions globally, the Board are mindful that the ongoing debt crisis in Europe if not satisfactorily resolved may impact the global economy negatively again As such, the Board had decided to maintain the company's current investment activities for another year Notwithstanding this, moving forward, the Board will continue to explore viable profitable business ventures with the objective of maximising long term growth and strengthening the shareholder's value

By maintaining the company's assets in liquid form, the company has show positive returns in the past few years and this also provides the flexibility to quickly respond to any new business opportunities that may arise In the meantime the management would continue to implement cost saving measures

On behalf of the Board, once again I would like to express my sincere appreciation to the management and staff for their efforts and dedication to the Company I would also like to take this opportunity to thank my fellow directors for their co-operation and stewardship, and shareholders for their faith and continued support

CHEW SING GUAN
Chairman

Penang, Malaysia
27 July 2012

Report of the directors

The directors present their eighty ninth report and financial statements of the Company for the financial year ended 31 March 2012

PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENT OF BUSINESS
The original principal activities of the Company which were the production of natural rubber and oil palm fresh fruit bunches ceased when the Company sold its land and plantations in 2006 Since then, the Board has been actively identifying suitable investments for the Company

PRINCIPLE RISKS AND UNCERTAINTIES
The Company's assets after the disposal of the plantation and its other plant and equipment comprise cash and bank deposits all of which earn interest and investments in listed equities The financial risks involved are minimal and disclosed in Note 14 to the financial statements

RESULTS AND DIVIDEND
The Company made a profit after tax of RM154,390 for the current financial year as compared to RM91,600 in the previous year The directors do not recommend any final dividend to be paid for the current financial year (2011 RM Nil)

DIRECTORATE
The names of the directors who held office during the year together with brief biographical details are shown on page 2 In accordance with article 108 of the Company's Articles of Association, Mr Chew Sing Guan will retire by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election

The directors do not have any service contract with the Company Mr Chew Sing Guan is a non-executive director of Plantation Agencies Sdn Berhad who acted as the Malaysian Registrars and an agent to the Company in Malaysia

SUBSTANTIAL SHAREHOLDINGS
At the date of this report, substantial interests in the share capital of the Company, as notified to the Company, were as follows -

	No. of ordinary shares of 10p each	%
Malayan Securities Trust Sdn Berhad	798,986	46 63
Thomas William George Charlton	234,997	13 72
Flairshare Limited	132,000	7 70
The Temerloh Rubber Estates Berhad	88,442	5 16

Mr Chew Sing Guan has notified an interest in the shares held by Malayan Securities Trust Sdn Berhad The directors are not aware of any other beneficial holding of 3% or more in the share capital of the Company

PAYMENT TO SUPPLIERS

The Company does not follow any code or standard on payment practice The Company's policy, in relation to all of its suppliers, is to make settlement according to the terms of payment agreed at the commencement of business with that supplier provided that the supplier has complied with the terms and conditions of the supply agreement

TAXATION

The Company is tax resident in Malaysia

CORPORATE GOVERNANCE

The Board of Hidong Estate Plc supports and will strive to maintain compliance with the principles of corporate governance by the 2008 Combined Code

Internal Audit

The need for an internal audit function has been reviewed by the directors It was decided that the current size of the Company combined with the tight financial and management control exercised by the directors on a day-to-day basis negates such a need The policy will be kept under review

External Auditors

The Audit Committee assesses annually the effectiveness of the external audit process and has primary responsibility for making recommendation on the appointment, re-appointment or removal of the external auditors

The external auditors did not provide any non audit services in this or the previous year

Directors

The directors carry out their duties in a manner that will safeguard the shareholders' interests at all times They are responsible for ensuring sound management of the Company and effective implementation and execution of its policies, decisions and business strategies towards ensuring a successful continuity of the business

The Board ordinarily meets four times a year During the year ended 31 March 2012 the Board met on three occasions Details of the directors' attendance at Board meetings during the financial year are as follows

	Attendance
Chew Sing Guan	3/3
Haji Zambri bin Haji Mahmud	3/3
Diong Chin Teck	3/3
Chew Beow Soon	3/3

The Board is guided by a formal schedule of matters specifically reserved to it for decision making which includes future strategy, key business policies, material acquisitions and disposals, approval of interim financial statements, annual reports and financial statements Directors have full and timely access to information and Board papers and reports relevant to the issues of meetings are circulated to Board members in advance of the meetings Procedures are in place for directors to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense In addition, all directors have direct access to the advice and services of the Company Secretary

The Board consists of the executive Chairman, Mr Chew Sing Guan and three independent non-executive directors namely Tuan Haji Zambri bin Haji Mahmud, Mr Diong Chin Teck and Mr Chew Beow Soon Although, Tuan Haji Zambri bin Haji Mahmud has been a non-executive director for more than twenty years, the Board is satisfied that he has continued to demonstrate his independence in terms of character and judgement It is the Board's view that for a Company of this size it is not deemed necessary to separate the posts of chairman and chief executive officer Furthermore, the Board is of the opinion that there is a strong independent element within the Board in the form of the three independent non-executive directors who provide a check and balance in the Board on decision making For the same reasons, the Board is also of the view that it is not deemed necessary to appoint a senior independent director or to form a Nomination Committee The Board is assisted by professionals (Managing Agents) who report periodically to it Important business matters are submitted to the Board for decision

In accordance with the Articles of Association of the Company, all directors are subject to election by shareholders at the first Annual General Meeting after their appointment and thereafter subject for re-election at least once every three years The Board has always complied with this requirement The Board has chosen not to adopt the additional provision in the Code that non-executive directors who have served for more than nine years should be subject to annual re-election since the existing practice, which complies with Company law and the Articles, works well

The directors received only a nominal fee for their services and there is no intention to change the way they are remunerated Accordingly, the formation of a Remuneration Committee is not deemed to be necessary

The Board has commenced a self-evaluation process for the performance evaluation of the Board, the Audit Committee and its individual directors The assessment of the individual directors on the performance of the Board and the Audit Committee are collated for the Chairman's review and presented to the entire Board Each director also assesses the individual performance of the other directors and the results are presented to the Chairman who then holds discussions with all the individual directors regarding their effectiveness The performance of the Chairman is assessed collectively by the non-executive directors

Relations with shareholders

The Board has through the years used the Annual Report and the Annual General Meeting to communicate with its shareholders It is always ready to hold dialogues with interested investors to improve the Company's business activities

Audit Committee
The Audit Committee comprises three independent non-executive directors, namely Tuan Haji Zambri bin Haji Mahmud (Chairperson), Mr Diong Chin Teck and Mr Chew Beow Soon

The Audit Committee is responsible for reviewing the Company's risk management, internal control and audit processes The Audit Committee assists the Board in seeking to ensure that the financial and non-financial information supplied to the Board and shareholders presents a balanced assessment of the Company's position The Committee is authorised by the Board to investigate any activity within its terms of reference It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary

During the financial year ended 31 March 2012, the Audit Committee met three times and the attendances of the members of the Committee are as follows

	Attendance
Haji Zambri bin Haji Mahmud	3/3
Diong Chin Teck	3/3
Chew Beow Soon	3/3

During the year the Audit Committee assisted the Board in reviewing the periodic operational and financial reports submitted by the Managing Agents As part of its function, the Audit Committee reviewed the half-yearly interim report to shareholders and annual financial statements and announcements before submitting the same to the Board for approval The Audit Committee also assisted the Board to review the system of internal controls put in place by the Managing Agents to manage the operations of the Company

Internal Controls
The Board is responsible for the Company's system of internal control and for reviewing its effectiveness, which it does on annual basis Such a system is designed to manage, rather than eliminate, the risk of failure of achieving business objectives and can provide only reasonable, but not absolute, assurance against material misstatement or loss There is a continuous process for identifying, evaluating and managing the significant risks faced by the Company This process was in place throughout the year under review and up to the date of approval of the annual report

The key elements of the Company's internal controls are as follows

- **Risk assessment**
  The Board is responsible for the identification, evaluation and review of risks facing the business Such risks are reviewed on a continuous basis and are carried out as part of the monthly reporting

- **Control environment and control activities**
  The day-to-day operation of the system of internal controls is delegated to the Managing Agents The management and control procedures cover issues such as physical controls, segregation of duties, authorisation levels and comprehensive financial and operational reporting systems Such procedures are documented for effective control and monitoring

- **Information and communication**
  The Board holds periodic formal and informal discussions on the Company's affairs where all important business decisions are formally discussed and documented The Board holds periodic board meetings to formally approve the financial reports submitted by the Managing Agents

DISCLOSURE OF INFORMATION TO AUDITORS
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

GOING CONCERN
Having undertaken all the appropriate procedures and assessing the performance and results, there is reasonable expectation that the Company will continue in operational existence for the foreseeable future and the Board has therefore continued to adopt the going concern basis in preparing the financial statements

AUDITORS
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

CHEW SING GUAN
Chairman

CHEW BEOW SOON
Director

Penang, Malaysia
27 July 2012

Directors' remuneration report

This report has been prepared in accordance with the Directors' Remuneration Report Regulation 2002 The report also meets the relevant requirement of the Listing Rules of the Financial Services Authority As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved

The regulations require the auditors to report to the Company's members on the "auditable part" of the Directors' remuneration The report has therefore been divided into 2 sections for audited and unaudited information

Unaudited Information

Remuneration Policy
In accordance with the Company's Memorandum and Articles of Association, the directors received only a nominal fee for their services The fees paid to the directors are not linked to performance and the Company has no intention to change the way the directors are remunerated in the future

Share Options
As at 31 March 2012, no options were granted to the directors to subscribe for any shares in the Company

Service contracts
There are no service contracts in existence with the directors and they received only a nominal fee for their services

Audited information

Aggregate Directors' remuneration
The total amounts for Directors' remuneration are as follows

	2012 RM	2011 RM
Emoluments	4,069	4,036

	2012 RM	2011 RM
Directors' emoluments – fee		
Executive Director		
Chew Sing Guan	1,162	1,153
Non – executive Directors		
Haji Zambri bin Haji Mahmud	969	961
Diong Chin Teck	969	961
Chew Beow Soon	969	961
	4,069	4,036

Approval
This report was approved by the Board of Directors on 27 July 2012 and signed on its behalf

CHEW SING GUAN
Chairman

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Under applicable law and regulations, the directors are also responsible for preparing a Report of the Directors, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations

KPMG

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent Auditor's report to the members of Hidong Estate Plc

We have audited the financial statements of Hidong Estate Plc for the year ended 31 March 2012, set out on pages 15 to 27 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and to express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent Auditor's Report to the members of Hidong Estate Plc *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion

- the part of the Director's Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review

- the Directors' statement, set out on page 9, in relation to going concern,
- the part of Corporate Governance Statement on pages 6 to 9 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code Specified for our review, and
- certain elements of the report to shareholders by the Boards on directors' remuneration

Nicole Martin (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

8 Salisbury Square

London

EC4Y 8BB

United Kingdom

31 July 2012

Profit and loss account for the year ended 31 March 2012

	Note	2012 RM	2011 RM
Administrative expenses		(151,382)	(156,053)
Operating loss		(151,382)	(156,053)
Income from investments		29,469	26,575
Gain on disposal of investments		40,935	18,828
Impairment of investments		(11,440)	(13,196)
Interest receivable on short term bank deposits		311,338	273,158
Profit on ordinary activities before taxation	2	218,920	149,312
Tax on profit on ordinary activities	3	(64,530)	(57,712)
Retained profit for the year	9	154,390	91,600
Basic and diluted profit per 10p share	4	9 01 sen	5 35 sen

The results stated above are all derived from continuing operations

A note on historical gains and losses has not been included as part of the financial statements as there are no material differences between the profit for the year stated above and the historical cost equivalents

Company Number 00188390

Balance sheet as at 31 March 2012

	Note	2012 RM	2011 RM
Fixed assets			
Investments	5	1,335,965	1,180,516
Current assets			
Debtors	6	40,281	30,781
Cash at bank and in hand	12	9,721,220	9,772,976
		9,761,501	9,803,757
Current liabilities			
Creditors	7	(466,666)	(455,738)
		(466,666)	(455,738)
Net current assets		9,294,835	9,348,019
Net assets		10,630,800	10,528,535
Capital and reserves			
Called up share capital	8	1,067,846	1,067,846
Fair value reserve	9	226,435	278,560
Profit and loss account	9	9,336,519	9,182,129
Shareholders' funds		10,630,800	10,528,535

These financial statements were approved by the Board of Directors on 27 July 2012

CHEW SING GUAN)
) Directors
)
CHEW BEOW SOON)

The notes on pages 19 to 27 form part of these financial statements

Statement of total recognised gains and losses for the year ended 31 March 2012

	2012 RM	2011 RM
Profit for the financial year	154,390	91,600
Unrealised (losses)/gains on investments	(52,125)	121,037
Total recognised gains for the year	102,265	212,637

Reconciliation of movements in shareholders' funds for the year ended 31 March 2012

	2012 RM	2011 RM
Retained profit for the year	154,390	91,600
Other recognised (losses)/gains for the year	(52,125)	121,037
Net addition to shareholders' funds	102,265	212,637
Opening shareholders' funds	10,528,535	10,315,898
Closing shareholders' funds	10,630,800	10,528,535

The notes on pages 19 to 27 form part of these financial statements

Cash flow statement for the year ended 31 March 2012

	Note	2012 RM	2011 RM
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	10	(142,172)	(164,568)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividend received		29,469	26,575
Interest received		306,516	322,520
TAXATION			
Overseas tax paid		(67,490)	(53,004)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of investments		(763,490)	(393,981)
Sale of investments		585,411	107,476
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES		(51,756)	(154,982)
MANAGEMENT OF LIQUID RESOURCES			
Decrease in short term deposits		200,000	200,000
INCREASE IN CASH	11	148,244	45,018

The notes on pages 19 to 27 form part of these financial statements

Notes to the financial statements

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

1. ACCOUNTING POLICIES

(a) **Accounting convention**
The financial statements of the Company have been prepared under the historical cost convention, modified for the revaluation of fixed asset investments, and in accordance with applicable approved accounting standards (UK Generally Accepted Accounting Practices)

The company is not part of a larger group and does not prepare consolidated financial statements, and accordingly has elected to prepare accounts under UK Generally Accepted Accounting Practices in accordance with article 395 of the Companies Act 2006

(b) **Foreign currencies**
Transactions in foreign currencies are recorded in Ringgit Malaysia (RM) at rates ruling at the transaction dates Assets and liabilities are reported at the rates prevailing at the balance sheet date except for share capital which remains at the historical rate Exchange gains and losses are included in the profit and loss account

(c) **Employee Benefits**

Short term benefits
Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company Short term accumulating compensated absences, such as paid annual leave, are recognised when services are rendered by employees that increases their entitlement to future compensated absences and short term non-accumulating compensated absences, such as sick leave, are recognised when the absences occur

(d) **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

1. ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

(e) Loans and receivables
Short term debtors and creditors are classified as loans and receivables, as defined in Financial Reporting Standard 26 Financial instruments recognition and measurement, and are measured at amortised cost less any provision for impairment

(f) Income
Interest income is recognised on an accrual basis

Dividend income is recognised when the right to receive payment is established

(g) Cash and liquid resources
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand less overdrafts payable on demand, if any Liquid resources are current assets investments which are disposable without curtailing the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market

(h) Investments
The Company's investments are quoted equity investments and are classified as available-for-sale financial assets Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment loss, are recognised directly in equity All impairment losses are recognised in the profit and loss account

When an investment is derecognised, the cumulative gain or loss previously recognised in equity is recognised in the profit and loss account

2. NOTES TO THE PROFIT AND LOSS ACCOUNT

The profit on ordinary activities before taxation is stated

	2012 RM	2011 RM
After charging:		
Directors' remuneration *		
- Chew Sing Guan	1,162	1,153
- Haji Zambri Bin Haji Mahmud	969	961
- Diong Chin Teck	969	961
- Chew Beow Soon	969	961
Auditors' remuneration		
- Audit of these financial statements	40,000	44,138
Impairment of investments	11,440	13,196
and after crediting:		
Interest income	311,338	273,158
Dividend income	29,469	26,575
Gain on disposal of investments	40,935	18,828

* Directors' remuneration totaling RM4,069 (2011 RM4,036) is in respect of directors' fees for duties performed outside the United Kingdom

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 RM	2011 RM
Foreign taxation		
- current year	64,530	57,712

3. TAX ON PROFIT ON ORDINARY ACTIVITIES (Cont'd)

The current tax charge for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 26% (2011 28%) The differences are explained below

Reconciliation of effective tax expense

	2012 RM	2011 RM
Profit before tax	218,920	149,312
Current tax at 26% (2011 28%)	56,919	41,807
Expenses not deductible for tax purposes	42,334	47,389
Income not subject to tax	(15,364)	(8,399)
Lower tax rates on overseas earnings	(19,359)	(23,085)
	64,530	57,712

Factors affecting future current tax charge

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

This will reduce the company's future current tax charge accordingly It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge

4. BASIC AND DILUTED PROFIT PER ORDINARY SHARE OF 10P EACH

This is based on the profit after tax of RM154,390 (2011 RM91,600) and 1,713,334 shares (2011 1,713,334 shares), being the weighted average number of shares in issue The basic profit per ordinary share is calculated using a numerator of the net profit for the year and a denominator of the weighted average number of ordinary shares in issue for the year There is no difference in 2012 or 2011 between the basic and diluted profit per share as there are no potentially dilutive shares, including share options and warrants, to convert

5. INVESTMENTS

	2012 RM	2011 RM
At beginning of year	1,180,516	767,342
Additions	763,490	393,981
Change in fair value	(52,125)	121,037
Gain on disposal of investments	40,935	18,828
Impairment	(11,440)	(13,196)
Disposals	(585,411)	(107,476)
At end of year	1,335,965	1,180,516

6. DEBTORS

	2012 RM	2011 RM
- Other debtors	35,603	30,781
- Tax recoverable	4,678	-
	40,281	30,781

7. CREDITORS: Amounts falling due within one year

	2012 RM	2011 RM
- Other creditors	49,240	40,030
- Taxation and social security	417,426	415,708
	466,666	455,738

Included in taxation and social security is an amount of RM414,524 (2011 RM414,524) representing a provision for the real property gain tax arising from the sale of the plantation in 2006

8. SHARE CAPITAL

	2012 RM	2011 RM
Authorised		
2,000,000 ordinary shares of 10p each	1,493,610	1,493,610
Issued and fully paid up		
1,713,334 ordinary shares of 10p each	1,067,846	1,067,846

9. RESERVES

	Fair value reserve RM	Profit and loss account RM
At 1 April 2011	278,560	9,182,129
Profit for the year	-	154,390
Unrealised losses on investments	(52,125)	-
At 31 March 2012	226,435	9,336,519

10. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2012 RM	2011 RM
Operating loss	(151,382)	(156,053)
Increase/(decrease) in creditors	9,210	(8,515)
Net cash outflow from operating activities	(142,172)	(164,568)

11. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 RM	2011 RM
Increase in cash in the year	148,244	45,018
Decrease in liquid resources	(200,000)	(200,000)
Movement in net funds in the year	(51,756)	(154,982)
Net funds at 1 April	9,772,976	9,927,958
Net funds at 31 March	9,721,220	9,772,976

12 ANALYSIS OF NET FUNDS

	At 1 April 2011 RM	Cash flow RM	At 31 March 2012 RM
Short term deposits	9,700,000	(200,000)	9,500,000
Cash at bank and in hand	72,976	148,244	221,220
	9,772,976	(51,756)	9,721,220

13. EMPLOYEES

	2012 RM	2011 RM
Wages and salaries	4,069	4,036
Average number of staff employed during the year	4	4

14. FINANCIAL INSTRUMENTS

(a) **Financial risk management objectives and policies**
The Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Company's business whilst managing its interest rate, foreign exchange, liquidity and credit risks The Company operates within clearly defined guidelines that are approved by the Board of directors and the Company's policy is not to engage in speculative transactions

(b) **Interest rate risk**
The Company's primary interest rate risk relates to interest-earning assets as the Company had no long-term interest-bearing debts as at 31 March 2012 The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits

Financial Assets	Effective interest rate per annum %	Total RM	Within 1 year RM
2012			
Short term deposits	3 38	9,500,000	9,500,000
2011			
Short term deposits	2 97	9,700,000	9,700,000

(c) **Foreign exchange risk**
The Company operates in Malaysia and is only exposed to the sterling pound currency for payments made to UK companies for services rendered to the Company This poses minimum risk as the level of these payments is not significant

(d) **Liquidity risk**
The Company actively manages its operating cash flows and availability of funds so as to ensure that all repayment and funding needs are met As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or readily convertible investments to meet its working capital requirements

14 FINANCIAL INSTRUMENTS (Cont'd)

(e) **Credit risk**
The Company's maximum credit risk exposure is the fair value of its cash and cash equivalents, presented in note 12 of RM9,721,220 and RM9,772,976 at 31 March 2012 and 2011 respectively Bank balances are held with reputable and established financial institutions

The Company's principal financial asset is cash and bank deposits and credit risk arises from cash and cash equivalents and short term deposits with banks and financial institutions

It is the Company's policy to monitor the financial standing of these institutions on an on going basis

(f) **Fair values**
The fair values of financial assets and financial liabilities reported in the balance sheet approximate to the carrying amounts of those assets and liabilities

(g) **Price risk**
The Company is exposed to equity price risk in relation to its fixed asset investments, all of which are listed on the Malaysian Stock Exchange A five percent increase in Malaysian equity prices at the reporting date would have increased equity by RM66,000 (2011 RM59,000), an equal change in the opposite direction would have decreased equity by RM66,000 (2011 RM59,000)

(h) **Cash flow risk**
The Company's assets comprise of cash and bank deposits all of which earn interest There is minimum risk on the cash flow Cash flow monitoring is a high priority with the management

(i) **Capital management**
The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business The Company is not subject to externally imposed capital requirements There were no changes in the Company's approach to capital management in the year

15. RELATED PARTY TRANSACTIONS AND BALANCES

The related party transactions undertaken by the Company during the financial year are as follows

	2012 RM	2011 RM
Agency fees and accounting fees paid to Plantation Agencies Sdn Berhad, a company in which Chew Sing Guan, director, of the company is also a director	27,984	27,786

15. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

Purchases and sales of quoted shares through Mercury Securities Sdn Bhd ("MSSB"), a company in which, Chew Sing Guan, director, has a substantial financial interest	2012 RM	2011 RM
- Purchases of quoted shares	763,490	393,981
- Sales of quoted shares	585,411	107,476

The terms and conditions for the above transactions are based on normal trade terms

In the opinion of the directors there is no controlling or ultimate controlling party at the year end

Comparative statistics

Year ended 31 March	2012	2011	2010	2009	2008
	RM	RM	RM	RM	RM
BALANCE SHEET ANALYSIS					
Called-up share capital	1,067,846	1,067,846	1,067,846	1,067,846	1,067,846
Reserves	9,562,954	9,460,689	9,248,052	9,013,871	9,211,077
Total shareholders' funds	10,630,800	10,528,535	10,315,898	10,081,717	10,278,923
Investments	1,335,965	1,180,516	767,342	545,100	-
Net current assets	9,294,835	9,348,019	9,548,556	9,536,617	10,278,923
	10,630,800	10,528,535	10,315,898	10,081,717	10,278,923
PROFIT AND LOSS ACCOUNT ANALYSIS					
Loss before interest and taxation	(92,418)	(123,846)	(98,755)	(480,193)	(173,640)
Interest receivable	311,338	273,158	223,196	329,231	347,522
Taxation	(64,530)	(57,712)	(27,766)	(66,261)	(74,655)
Profit/(loss) after taxation	154,390	91,600	96,675	(217,223)	99,227

Proxy form

HIDONG ESTATE PLC

I/We ____

of ____

In Block Capitals

being a member(s) of HIDONG ESTATE PLC hereby appoint #Mr Chew Sing Guan or failing him, Tuan Haji Zambri bin Haji Mahmud or failing him, ______________________

____

as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held on 14th day of September 2012 and at any adjournment thereof, in the manner indicated below -

Please indicate with √ how you wish your vote to be cast

Resolution relating to -		For	Against
1	To receive and consider the audited financial statements and the reports of the directors and auditors thereon for the year ended 31 March 2012		
2	To re-elect Mr Chew Sing Guan who retires in accordance with article 108 of the Company's Articles of Association, and being eligible, offers himself for re-election		
3	To re-appoint KPMG Audit Plc as auditors and authorise the directors to fix their remuneration		
4	To approve the directors' remuneration report for the year ended 31 March 2012		

Number of shares held

Dated this day of 2012 Signature

Note

1 # If it is desired to appoint another person as a proxy, these names should be deleted and the name of the proxy, who need not be a member of the Company, should be inserted in block capitals, and the alteration should be initialled

2 This proxy to be valid, must be deposited at the head office of the Company, "Hidong Estate Plc, Third Floor, Standard Chartered Bank Chambers, Beach Street, 10300 Penang, Malaysia" not less than 48 hours before the time appointed for holding the meeting

3 In the case of a corporation, the proxy must be executed under its common seal, or under the hand of a duly authorised officer If executed under the hand of a duly authorised officer, evidence of such authority must be produced with the proxy form

4 In the case of joint holders, the signature of any one joint holder is sufficient

5 If neither "FOR" nor "AGAINST" is indicated above, the proxy will vote or abstain as he thinks fit

6 To appoint more than one proxy you may photocopy this form Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you) Please also indicate if the proxy instruction is one of multiple instructions being given All forms must be signed and should be returned together in the same envelope

Please fold across the line and close

Please Affix
Stamp Here

To

HIDONG ESTATE PLC (990786-V)
THIRD FLOOR
STANDARD CHARTERED BANK CHAMBERS
BEACH STREET
10300 PENANG
MALAYSIA

Please fold across the line and close